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## California Competes Tax Credit Program

### Committee Meeting

**Thursday, April 11, 2019**

**1:30 p.m.**

Department of Food and Agriculture  
Auditorium  
1220 N Street  
Sacramento, CA 95814

And (via teleconference)  
Fontana City Hall  
Executive Conference Room  
8353 Sierra Avenue  
Fontana, CA 92335

#### MEMBERS:

**Lenny Mendonca**, *Chair  
Director  
Governor's Office of Business  
and Economic Development*

**Fiona Ma**  
*State Treasurer*

**Keely Bosler**, *Director  
Department of Finance*

**Denise Zapata**, *Appointee of  
the Senate Committee on Rules*

**Madeline Janis**, *Appointee of  
the Speaker of the Assembly*

## AGENDA

### OPEN SESSION

- A. Call to Order and Roll Call**
- B. Approval of Minutes from November 5, 2018, Committee Meeting**
- C. Deputy Director's Report**
  - **Agenda Overview – Agreements with 35 Businesses, Total Tax Credits \$70,112,152**
- D. Discussion and Approval of California Competes Tax Credit Agreements**

<b>Total Recommended Tax Credits:</b>	<b>\$68,162,771</b>
<b>Total Recommended Tax Credits after Adjusting for S-Corporation Law<sup>1</sup>:</b>	<b>\$70,112,152</b>

<sup>1</sup> One-third of the California Competes Tax Credit may be utilized by an S-Corporation to offset the tax on net income at the S-Corporation level (R&TC §23803(a)(1)). The remaining two-thirds is disregarded and may not be used as a carryover for the S-Corporation (R&TC §23803(a)(2)(A)). However, the full amount of the California Competes Tax Credit is also passed through to the S-Corporation's shareholders (R &TC §23803(a)(2)(F)).



1. Brex, Inc.  
Industry: Financial Services  
Primary Location(s): San Francisco  
Employee Net Increase: 782  
Investment: \$20,147,900  
Amount of Tax Credit: \$10,000,000  
Link to Tax Credit Agreement: <http://bit.ly/brexinc>
  
2. California Ethanol & Power LLC  
Industry: Ethanol / Biofuel Manufacturing  
Primary Location(s): Brawley  
Employee Net Increase: 692  
Investment: \$589,330,000  
Amount of Tax Credit: \$10,000,000  
Link to Tax Credit Agreement: <http://bit.ly/caethanolandpower>
  
3. Cubic Corporation  
Industry: Transportation and Communication Technology and Software Development  
Primary Location(s): San Diego  
Employee Net Increase: 300  
Investment: \$113,765,000  
Amount of Tax Credit: \$8,500,000  
Link to Tax Credit Agreement: <http://bit.ly/cubiccorp>
  
4. Ancestry.com Operations, Inc.  
Industry: Online Genealogy and DNA Services  
Primary Location(s): San Francisco  
Employee Net Increase: 281  
Investment: \$3,000,000  
Amount of Tax Credit: \$5,000,000  
Link to Tax Credit Agreement: <http://bit.ly/ancestrydotcomsecondagreement>
  
5. SAFC Carlsbad, Inc.  
Industry: Biopharmaceutical Research and Development and Manufacturing  
Primary Location(s): Carlsbad  
Employee Net Increase: 116  
Investment: \$91,040,001  
Amount of Tax Credit: \$4,000,000  
Link to Tax Credit Agreement: <http://bit.ly/safccarlsbad>



6. Uniformity Labs, Inc.  
Industry: 3D Printing Materials Manufacturing  
Primary Location(s): Fremont, Hayward, and Unknown  
Employee Net Increase: 138  
Investment: \$47,132,000  
Amount of Tax Credit: \$4,000,000  
Link to Tax Credit Agreement: <http://bit.ly/uniformitylabs>
  
7. Avexis, Inc.  
Industry: Biotechnology Research and Development  
Primary Location(s): San Diego  
Employee Net Increase: 121  
Investment: \$30,000,000  
Amount of Tax Credit: \$3,000,000  
Link to Tax Credit Agreement: <http://bit.ly/avexisinc>
  
8. Glaukos Corporation  
Industry: Medical Device Manufacturing  
Primary Location(s): Aliso Viejo and San Clemente  
Employee Net Increase: 191  
Investment: \$40,500,000  
Amount of Tax Credit: \$3,000,000  
Link to Tax Credit Agreement: <http://bit.ly/glaukoscorp>
  
9. AssetMark Financial, Inc.  
Industry: Software Development and Management Consulting Services  
Primary Location(s): Concord and Encino  
Employee Net Increase: 210  
Investment: \$19,079,000  
Amount of Tax Credit: \$2,750,000  
Link to Tax Credit Agreement: <http://bit.ly/assetmarkfinancial>
  
10. ePac Los Angeles LLC  
Industry: Food and Beverage Packaging Design and Manufacturing  
Primary Location(s): Riverside or Chino  
Employee Net Increase: 73  
Investment: \$6,580,000  
Amount of Tax Credit: \$2,300,000  
Link to Tax Credit Agreement: <http://bit.ly/epacla>



11. Bitchin, Inc.

Industry: Food Manufacturing  
Primary Location(s): Carlsbad and Unknown  
Employee Net Increase: 76  
Investment: \$372,000  
Amount of Tax Credit: \$1,750,000  
Link to Tax Credit Agreement: <http://bit.ly/bitchininc>

12. Sovereign Lending Group Incorporated

Industry: Consumer Lending  
Primary Location(s): Costa Mesa  
Employee Net Increase: 474  
Investment: \$1,355,000  
Amount of Tax Credit: \$1,737,143  
Link to Tax Credit Agreement: <http://bit.ly/sovereignlending>

13. Meals for All, Inc.

Industry: Emergency Nutrition Program Services  
Primary Location(s): Sacramento County  
Employee Net Increase: 32  
Investment: \$574,000  
Amount of Tax Credit: \$1,000,000  
Link to Tax Credit Agreement: <http://bit.ly/mealsforall>

14. Sovena USA, Inc.

Industry: Food Manufacturing  
Primary Location(s): Modesto  
Employee Net Increase: 27  
Investment: \$16,900,000  
Amount of Tax Credit: \$1,000,000  
Link to Tax Credit Agreement: <http://bit.ly/sovenausainc>

15. Eddy Pump Corporation

Industry: Construction Equipment Manufacturing  
Primary Location(s): El Cajon  
Employee Net Increase: 30  
Investment: \$8,525,000  
Amount of Tax Credit: \$900,000  
Link to Tax Credit Agreement: <http://bit.ly/eddypump>



16. Graham Packaging PET Technologies, Inc.  
Industry: Plastic Container Manufacturing  
Primary Location(s): Modesto  
Employee Net Increase: 24  
Investment: \$9,281,211  
Amount of Tax Credit: \$830,000  
Link to Tax Credit Agreement: <http://bit.ly/grahampackaging>
17. Star Manu LLC  
Industry: Cosmetics Manufacturing  
Primary Location(s): Riverside, San Bernardino, or San Diego county  
Employee Net Increase: 93  
Investment: \$2,720,000  
Amount of Tax Credit: \$830,000  
Link to Tax Credit Agreement: <http://bit.ly/starmanu>
18. QC Manufacturing, Inc.  
Industry: Whole House Fan Manufacturing  
Primary Location(s): Temecula  
Employee Net Increase: 100  
Investment: \$1,385,968  
Amount of Tax Credit: \$750,000  
Link to Tax Credit Agreement: <http://bit.ly/qcmanufacturing>
19. Kingspan Insulated Panels, Inc.  
Industry: Metal Products Manufacturing  
Primary Location(s): Modesto  
Employee Net Increase: 35  
Investment: \$17,100,000  
Amount of Tax Credit: \$725,000  
Link to Tax Credit Agreement: <http://bit.ly/kingspaninsulatedpanels>
20. Lumitron Holdings, Inc.  
Industry: Medical Device Manufacturing  
Primary Location(s): Irvine  
Employee Net Increase: 37  
Investment: \$6,700,000  
Amount of Tax Credit: \$700,000  
Link to Tax Credit Agreement: <http://bit.ly/lumitron>



21. Berber Food Manufacturing, Inc.

Industry: Food Manufacturing

Primary Location(s): Elk Grove and San Leandro

Employee Net Increase: 33

Investment: \$26,942,561

Amount of Tax Credit: \$675,000

Link to Tax Credit Agreement: <http://bit.ly/berberfood>

22. Sphere Alliance, Inc.

Industry: Aerospace Component Manufacturing

Primary Location(s): Riverside or Banning

Employee Net Increase: 73

Investment: \$4,520,000

Amount of Tax Credit: \$600,000

Link to Tax Credit Agreement: <http://bit.ly/spherealliance>

23. Monarch Green, Inc.

Industry: Liquid Containment Products Manufacturing

Primary Location(s): Santa Ana and Unknown

Employee Net Increase: 35

Investment: \$5,065,000

Amount of Tax Credit: \$589,628

Link to Tax Credit Agreement: <http://bit.ly/monarchgreen>

24. Rastaclat LLC

Industry: Jewelry Manufacturing

Primary Location(s): Lakewood

Employee Net Increase: 25

Investment: \$300,000

Amount of Tax Credit: \$525,000

Link to Tax Credit Agreement: <http://bit.ly/rastaclatllc>

25. Cloacina LLC

Industry: Wastewater Treatment Equipment Manufacturing

Primary Location(s): Arroyo Grande

Employee Net Increase: 20

Investment: \$230,950

Amount of Tax Credit: \$500,000

Link to Tax Credit Agreement: <http://bit.ly/cloacinallc>



26. Lynx Grills, Inc.  
Industry: Barbecue Grill Manufacturing  
Primary Location(s): Downey  
Employee Net Increase: 46  
Investment: \$900,000  
Amount of Tax Credit: \$500,000  
Link to Tax Credit Agreement: <http://bit.ly/lynxgrills>
27. Clerprem USA Corp.  
Industry: Vehicle Seat Manufacturing  
Primary Location(s): Sacramento  
Employee Net Increase: 18  
Investment: \$380,000  
Amount of Tax Credit: \$380,000  
Link to Tax Credit Agreement: <http://bit.ly/clerpremusa>
28. Universal Meditech, Inc.  
Industry: Medical Device Manufacturing  
Primary Location(s): Fresno  
Employee Net Increase: 15  
Investment: \$90,000  
Amount of Tax Credit: \$360,000  
Link to Tax Credit Agreement: <http://bit.ly/universalmeditech>
29. Do It American Mfg Company LLC  
Industry: Metal Products Manufacturing  
Primary Location(s): Corona  
Employee Net Increase: 31  
Investment: \$1,600,000  
Amount of Tax Credit: \$300,000  
Link to Tax Credit Agreement: <http://bit.ly/doitamericn>
30. WFO Concepts  
Industry: Automotive Parts Manufacturing  
Primary Location(s): Grass Valley and Auburn  
Employee Net Increase: 19  
Investment: \$2,593,905  
Amount of Tax Credit: \$300,000  
Link to Tax Credit Agreement: <http://bit.ly/wfoconcepts>



- 31. United Pacific Industries, Inc.  
Industry: Online Automotive Parts Merchant  
Primary Location(s): Long Beach  
Employee Net Increase: 23  
Investment: \$3,650,000  
Amount of Tax Credit: \$230,000  
Link to Tax Credit Agreement: <http://bit.ly/unitedpacificindustries>
  
- 32. The Broken Token LLC  
Industry: Board Game Accessories Manufacturing  
Primary Location(s): Escondido  
Employee Net Increase: 14  
Investment: \$350,000  
Amount of Tax Credit: \$150,000  
Link to Tax Credit Agreement: <http://bit.ly/thebrokentoken>
  
- 33. Sidus Solutions LLC  
Industry: Camera Manufacturing  
Primary Location(s): San Diego  
Employee Net Increase: 17  
Investment: \$420,000  
Amount of Tax Credit: \$125,000  
Link to Tax Credit Agreement: <http://bit.ly/sidussolutions>
  
- 34. Waddle & Friends, Inc.  
Industry: Online Retail Warehouse and Distribution  
Primary Location(s): Sacramento County  
Employee Net Increase: 15  
Investment: \$1,850,000  
Amount of Tax Credit: \$100,000  
Link to Tax Credit Agreement: <http://bit.ly/waddleandfriends>
  
- 35. Mule, Inc.  
Industry: Accessories Manufacturing  
Primary Location(s): National City or San Diego County  
Employee Net Increase: 5  
Investment: \$60,000  
Amount of Tax Credit: \$56,000  
Link to Tax Credit Agreement: <http://bit.ly/muleinc>



**E. Discussion and Approval of Recommendations for California Competes Tax Credit Agreement Termination and Credit Recapture**

<b>Total Tax Credits Recommended to be Recaptured:</b>	<b>\$4,535,000</b>
<b>Total Tax Credits Recommended to be Recaptured after Adjusting for S-Corporation Law<sup>2</sup>:</b>	<b>\$4,716,667</b>

1. CE&P Imperial Valley 1 LLC  
 Industry: Ethanol / Biofuel Manufacturing  
 Primary Location(s): Brawley  
 Amount of tax Credit Awarded: \$3,100,000  
 Amount of Tax Credit Recaptured: \$3,100,000  
 Link to Tax Credit Agreement to be Terminated: <http://bit.ly/TBxupB>  
 Reason for Agreement Termination and Credit Recapture:

CE&P Imperial Valley 1 LLC's California Competes Tax Credit Agreement expired at the end of its 2018 tax year which was the final year to achieve the milestones and claim any corresponding credit. Any credit not earned by the completion of the agreement must be recaptured in order to be made available to other California businesses.

2. Zacky & Sons Poultry LLC  
 Industry: Poultry Processing  
 Primary Location(s): Stockton and Corcoran  
 Amount of tax Credit Awarded: \$800,000  
 Amount of Tax Credit Recaptured: \$800,000  
 Link to Tax Credit Agreement to be Terminated: <http://bit.ly/zackyandsons>  
 Reason for Agreement Termination and Credit Recapture:

Zacky & Sons Poultry LLC has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit Agreement and has requested the termination of its agreement to allow the credit to be made available to other California businesses.

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<sup>2</sup> One-third of the California Competes Tax Credit may be utilized by an S-Corporation to offset the tax on net income at the S-Corporation level (R&TC §23803(a)(1)). The remaining two-thirds is disregarded and may not be used as a carryover for the S-Corporation (R&TC §23803(a)(2)(A)). However, the full amount of the California Competes Tax Credit is also passed through to the S-Corporation's shareholders (R&TC §23803(a)(2)(F)).



3. Omni Consulting Solutions LLC

Industry: Military, Defense, and Aerospace Consulting

Primary Location(s): El Segundo

Amount of tax Credit Awarded: \$500,000

Amount of Tax Credit Recaptured: \$150,000

Link to Tax Credit Agreement to be Terminated: <http://bit.ly/omniconsulting>

Reason for Agreement Termination and Credit Recapture:

Omni Consulting Solutions LLC's California Competes Tax Credit Agreement expired at the end of its 2018 tax year which was the final year to achieve the milestones and claim any corresponding credit. Any credit not earned by the completion of the agreement must be recaptured in order to be made available to other California businesses.

4. East Bay Ophthalmology, Inc.

Industry: Ophthalmologic Surgery and Related Services

Primary Location(s): Pinole

Amount of tax Credit Awarded: \$400,000

Amount of Tax Credit Recaptured: \$240,000

Link to Tax Credit Agreement to be Terminated: <http://bit.ly/eastbayophthalmology>

Reason for Agreement Termination and Credit Recapture:

East Bay Ophthalmology, Inc.'s California Competes Tax Credit Agreement expired at the end of its 2018 tax year which was the final year to achieve the milestones and claim any corresponding credit. Any credit not earned by the completion of the agreement must be recaptured in order to be made available to other California businesses.

5. Kurios, Inc.

Industry: Solar Power Installation and Repair Services

Primary Location(s): Manteca

Amount of tax Credit Awarded: \$100,000

Amount of Tax Credit Recaptured: \$15,000

Link to Tax Credit Agreement to be Terminated: <http://bit.ly/kuriosinc>

Reason for Agreement Termination and Credit Recapture:

Kurios, Inc.'s California Competes Tax Credit Agreement expired at the end of its 2018 tax year which was the final year to achieve the milestones and claim any corresponding credit. Any credit not earned by the completion of the agreement must be recaptured in order to be made available to other California businesses.



6. Royal Summit, Inc.

Industry: Metal Box Manufacturing

Primary Location(s): Modesto

Amount of tax Credit Awarded: \$90,000

Amount of Tax Credit Recaptured: \$90,000

Link to Tax Credit Agreement to be Terminated: <http://bit.ly/royalsummit>

Reason for Agreement Termination and Credit Recapture:

Royal Summit, Inc. has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit Agreement and has requested the termination of its agreement to allow the credit to be made available to other California businesses.

7. Development Group, Inc.

Industry: Computer Systems Management and Design Services

Primary Location(s): Redding

Amount of tax Credit Awarded: \$80,000

Amount of Tax Credit Recaptured: \$50,000

Link to Tax Credit Agreement to be Terminated: <http://bit.ly/developmentgroup>

Reason for Agreement Termination and Credit Recapture:

Development Group, Inc.'s California Competes Tax Credit Agreement expired at the end of its 2018 tax year which was the final year to achieve the milestones and claim any corresponding credit. Any credit not earned by the completion of the agreement must be recaptured in order to be made available to other California businesses.

8. Superior Computer Products LLC

Industry: Computer and Printer Distribution

Primary Location(s): Simi Valley

Amount of tax Credit Awarded: \$50,000

Amount of Tax Credit Recaptured: \$50,000

Link to Tax Credit Agreement to be Terminated: <http://bit.ly/SuperiorComputerProducts>

Reason for Agreement Termination and Credit Recapture:

Superior Computer Products LLC has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit Agreement and has requested the termination of its agreement to allow the credit to be made available to other California businesses.



9. Fine Construction, Inc.

Industry: Construction Services

Primary Location(s): Truckee

Amount of tax Credit Awarded: \$40,000

Amount of Tax Credit Recaptured: \$40,000

Link to Tax Credit Agreement to be Terminated: <http://bit.ly/fineconstruction>

Reason for Agreement Termination and Credit Recapture:

Fine Construction, Inc. has indicated that it will not be carrying out its business as contemplated in its approved California Competes Tax Credit Agreement and has requested the termination of its agreement to allow the credit to be made available to other California businesses.



**F. Public Comment**

**G. Adjournment**

The numerical order of items on this agenda is for convenience of reference. Items may be taken out of order upon the request of the California Competes Tax Credit Committee Chair or Committee Members. This notice and agenda can be obtained at: [www.business.ca.gov/CalCompetes.aspx](http://www.business.ca.gov/CalCompetes.aspx). For additional information regarding this notice and agenda, please contact Scott Dosick, Assistant Deputy Director, at 916-322-0676 or [scott.dosick@gobiz.ca.gov](mailto:scott.dosick@gobiz.ca.gov). The Governor's Office of Business and Economic Development complies with the Americans with Disabilities Act by ensuring that the facilities are accessible to persons with disabilities, and by providing this notice and agenda and related information in alternative formats when requested. If you need further assistance, including disability-related modifications or accommodations, you may contact Scott Dosick no later than five calendar days before the meeting.